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10 JAN 1966

Comments on EIC Charter, Structure, Procedure
and Functions (U)

ela sent by LaD/occ
Ch. MRA

per [redacted] 12 Jan

Chairman, Economic Intelligence Committee

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1. The comments and recommendations on the structure and operations of the EIC contained in the following paragraphs are submitted as requested by the Chairman at the December 1965 meeting of the committee.

*LaHou
is 23 APR '65*

2. It is recommended that DCID No. 3/1, dated 25 July 1963 be reexamined with a view towards revision, to take account of changes in organization and responsibilities of Intelligence Board agencies and to allow for adjustments in the role and mission of the EIC. Paragraph 2, for example, should allow for the formation of DIA and its activities in the field of economic intelligence, and the concomitant reduction in the production responsibilities of the military services. This section also might contain a more explicit statement on the assignment of responsibilities for the costing of foreign weapon systems and military forces. In this connection, the EIC might review the adequacy of its exercise of responsibility in each area mentioned in its present charter, to see if more attention should be given to such topics as the review of studies and reports, collection priorities and allocated resources, role in NIEs, inventories of analytical resources, and programs supervision of subcommittees, coordination with other groups and agencies, monitoring of external research, support of NIS program, etc.

3. Concerning changes in the subcommittee structure of the EIC, it is recommended that consideration be given to tasking an EIC subcommittee with monitoring the uses of economic intelligence in planning, especially military planning. The objective would be to insure that reporting of reliability and validity considerations to users is adequate, that format and methodologies meet consumer needs and that research is encouraged. For some time I have been concerned about these matters, especially in regard to the costs of Soviet forces

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and budgetary allocations, as presently reflected in intelligence estimates and in systems analysis studies (see attached proposed Terms of Reference).

signed

JACK E. THOMAS, Major General, USAF
Assistant Chief of Staff, Intelligence

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**Proposed Terms of
Reference**

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Proposed Terms of Reference: Uses of Economic Intelligence in (Military) Planning

- a. Monitor the methods and techniques used in the application to (military) planning of foreign economic intelligence, especially costing, to see if more suitable types and modes of presentation of such intelligence would facilitate planning processes.
- b. Examine the adequacy of qualifications accompanying the production and dissemination of finished foreign economic intelligence and estimates, to include NIEs, to insure that users are adequately informed about reliability, validity, methodologies and data gaps.
- c. Recommend internal and external research to USIB organizations, to improve the application of foreign economic intelligence to (military) planning processes, to include use in comparative cost-effectiveness analysis.
- d. Review all contracts of USIB agencies above \$5000 for research on methodologies for applying economic intelligence to user problems.

To: BY-3 - EThe 1

From: CZ-3- Loretta

Kelmore, AFrep

Craft memo to [REDACTED]
as Chairman of ad hoc ^{inter-agency} EWG
on Cost-effectiveness NIPP
and ask recommendation or
comments on this proposal.

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Upon response - FLA to
Contact Sherman Kent, ONE
to see if practical to do
thru EIC or thru ONE
structure (NIPP)

then present to EIC